



Those who cannot remember the past are condemned to repeat it. Santayana

January 12, 2009

THAT WAS THE WEEK THAT WAS

Monday, January 12th.

- Rio Tinto cuts costs, postpones expansions and may sell coal unit valued at \$3.72 billion (U.S.). CEO Dick Evans announces his retirement.
- Christie's auctioneers announces job layoffs to cut costs
- Canadian new home prices declined 0.3% in November, but rise 0.7% year-over-year
- IMF says it may need an additional \$150 billion (U.S.)
- Bell Aliant to cut 500 management positions
- General Motors to cut 744 jobs at its Brazilian plant
- General Motors expects to lose 500 U.S. auto dealerships during 2009
- President-Elect Obama asks President Bush to request that Congress release the \$350 billion balance of TARP funds

Tuesday, January 13th.

- Canadian trade surplus falls to an 11-year low in November
- Germany unveils a \$66 billion (U.S.) 2-year stimulus package, which together with measures adopted late in 2008, will raise the amount the Government will spend to fight the current economic recession, to 1.5% of Germany's gross domestic product
- U.S. trade deficit narrowed to \$40.4 billion (U.S.) in November from \$56.7 billion (U.S.) in October, as American consumer demand for foreign-made goods declined and lower energy prices cut the cost of imported oil and natural gas
- Bank of Montreal buys AIG Canadian unit for \$375 million (U.S.)
- Standard & Poors (S&P) credit rating agency, warns Spain that its 'AAA' sovereign credit rating has been placed on "credit watch with negative implications" due to increasing pressure on its finances, since the Country entered a deep economic recession in the 4th. quarter of 2008. In recent months, the 10-year yield spread between Spain's debt and German bunds has increased to nearly one full percentage point (100 basis points), which is a record level since the launch of the Euro currency exactly 10 years ago.
- Greece and Ireland have also been warned by S&P that their sovereign ratings could be downgraded as economic conditions worsen. Moreover, both Italy and Portugal could also face downgrade warnings in the coming weeks, or months.
- ING Group announces 750 job layoffs in the U.S.
- Barclays PLC announces 4,600 job layoffs

Wednesday, January 14th.

- U.S. retail sales declined 2.7% in December; ex autos down 3.1%
- U.S. retail sales revised downward in November from minus 1.8% to minus 2.1%
- U.S. import prices fell by 4.2% in December and year-over-year down 9.3%
- U.S. export prices fell 2.3% in December and year-over-year down 3.2%
- Nortel Networks files for bankruptcy protection in a Delaware court
- Morgan Stanley forecasts that HSBC needs to raise \$30 billion (U.S.) in capital and may be forced to halve its dividend
- Deutsche bank expects to register a loss of \$6.4 billion (U.S.) for fiscal 2008, compared to a net profit of \$5.2 billion (U.S.) in 2007
- Standard and Poors (S&P) downgrades Greece's sovereign credit rating from "AA-1" to "AA-2" with a stable outlook
- Business inventories declined by 0.7% in November versus minus 0.6% in October



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- German gross domestic product increased by 1.3% for all of 2008
- Motorola announces an additional 4,000 job layoffs
- GE Aviation announces 1,000 job layoffs

Thursday, January 15th.

- European Central Bank cuts its key interest rate by 50 basis points to 2.00%.
- Sanyo announces 1,200 job layoffs, mostly in Japan
- U.S. Producer Price Index fell by 1.9% in December
- U.S. jobless claims rose by 24,000 last week to 524,000
- New York Empire Manufacturing Index remains at recession level in January
- JP Morgan Chase reported 4th. quarter profits of \$702 million (U.S.). For the full year, profits at the second largest U.S. bank were down 76% from \$2.97 billion (U.S.) a year ago.
- Toronto Dominion Bank issues \$1 billion (CAD) in long-term 9.5% notes to raise capital
- Saks Inc. announces 1,200 job layoffs
- U.S. Senate approves release of balance of \$350 billion (U.S.) TARP funds to the U.S. Treasury

Friday, January 16th.

- Honda announces 3,100 temporary job layoffs and cuts output in Japanese and British plants
- Chrysler Financial seeks U.S. Government bailout
- U.S. Consumer Price Index (CPI) fell 0.7% in December and registering a marginal increase for 2008 of 0.1%, the smallest annual increase since 1954
- Industrial Production declines by 2% in December
- Moody's has lowered the debt rating of Bank of America and Merrill Lynch from AA-3 to A-1
- Conoco Phillips announces 1,300 job layoffs and warned that it will take \$33 billion (U.S.) in write downs in the 4th. quarter, including a \$7.3 billion write down in its holding of Russian oil company Lukoil
- Pfizer plans to lay off as many as 2,400 sales people in the U.S.
- Bank of America posts 4th. quarter loss of \$2.39 billion (U.S.) and cuts its common share dividend from 32 cents to 1 cent annually. The Bank will receive another \$20 billion (U.S.) in capital from the U.S. Government TARP funds in exchange for preferred shares. It will also receive a U.S. Government guarantee for a further \$98.2 billion (U.S.) of potential losses on toxic assets.
- Citigroup reports a 4th. quarter loss of \$8.29 billion (U.S.), representing the Bank's fifth consecutive quarterly loss. Citigroup confirmed that it would reorganize into two businesses, Citicorp and Citi Holdings. Citicorp will be a global "universal bank" while Citi Holdings will concentrate on the brokerage business and asset management.

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